

FUEL BLENDING RIGHTS AND MOTOR FUEL DETERMINATION PERIOD EXTENSION

Prior Law _____

Iowa Code section 452A.3(1) establishes the formula used to determine the tax rate on motor fuel used to operate a vehicle. Currently, the rate is variable, based on the percentage of ethanol blended with fuel. This ethanol-based formula is effective until June 30, 2013. Iowa Code section 452A.3(1A) provides that after June 30, 2013, the excise tax on each gallon of all types of motor fuel shall be twenty cents.

New Provisions _____

Division II of the Act codifies the right of distributors and dealers to blend conventional blendstock for oxygenate blending, gasoline, or diesel fuel using a biofuel. A refiner, supplier, terminal operator, or terminal owner may not refuse to sell conventional blendstock for oxygenate blending, gasoline, or diesel fuel based on a distributor or dealers intent to blend.

New supply agreements may not restrict a dealer or distributors' ability to do any of the following:

- Purchase, sell, or dispense motor fuel or special fuel that is a renewable fuel from a source other than the supplier, if the supplier does not furnish motor fuel or special fuel that is a renewable fuel for sale by the distributor or dealer;
- Installing blender pumps or other equipment for higher blends restricting the locations where higher blends can be offered;
- Use a dispenser to dispense ethanol blended gasoline with a specified blend or range of blends under Iowa Code chapter 214A;
- Use a form of payment for the sale of renewable fuel that is the same type used for another type of motor fuel or special fuel;
- Sell or dispense renewable fuel in any specified area on the distributor or dealers' premises, including but not limited to any area in which a name or logo of a franchiser or any other entity appear;
- Advertise biodiesel or ethanol blends.

A refiner, supplier, terminal operator, or terminal owner who violates this section is subject to a civil penalty of \$10,000. Each day that a violation continues is considered a separate offense.

Division IV of the Act amends Iowa Code section 452A.3(1) to change the expiration date of the ethanol-based formula for calculating the motor fuel tax from June 30, 2013 to June 30, 2014. Iowa Code section 452A.3(1A) is amended to change the effective date of the twenty-cent per gallon tax on motor fuel from June 30, 2013 to June 30, 2014.

Section Amended_____

Section 2 of 2013 Iowa Acts House File 640 amends section 214A.1, Code 2013 by adding new subsections 8A, 12A, 16A, 18A, 18B, 23A, 23B, 23C, and 23D. Section 3 amends section 214A.20, subsection 1, Code 2013. Section 4 amends section 323.1, Code 2013 by adding new subsections 01, 3A, 7A, 7B, 7C, 11 and 12. Section 5 adds new section 323.4A, Code Supplement 2013. Section 6 amends section 452A.2, Code 2013 by adding new subsections 6A, 9A, 28A, 30A, and 37A. Section 7 creates new section 452A.6A, Code Supplement 2013. Section 11 amends section 452A.3, subsection 1, unnumbered paragraph 1, Code 2013. Section 12 amends section 452A.3, subsection 1A, Code 2013.

Effective Date_____

The blender's rights provisions are effective July 1, 2013. The motor fuel determination period is effective June 17, 2013.